

SENATE NATURAL RESOURCES
LEGISLATIVE NO. 2
DATE 3-16-07
BILL NO. HB 427

HB0427
Natural Gas Universal System Benefits

Testimony of the Montana Public Service Commission -- Support

Mike Lee

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Senate Natural Resources and Energy
(Contact: Greg Jergeson, 406 444 6166)

Mr. Chairman and Members of the Committee,

Public purpose programs (e.g., low-income energy assistance, low-income bill discounts, conservation) have been in existence on some Montana energy utility systems for many years. For the past decade, maybe longer, the effects of these programs have been referred to as universal system benefits. The idea of universal system benefits is that all energy utility customers pay a certain charge that is assessed through bills for utility service and the charge is assigned by the public utility to the funding of public purpose programs. In 1997, in conjunction with Montana's energy utility restructuring laws, universal system benefits statutes were enacted for Montana natural gas utilities and electric utilities.

HB0427, as amended, amends Montana's natural gas universal system benefits statutes to clarify some problematic areas of the existing law (e.g., whether the Public Service Commission has ongoing oversight, whether the charge can be established through a cost tracking procedure, whether the charge should be based on previous year's annual revenues, and whether an annual report can be required). Clarification will eliminate ambiguity and potential areas of dispute and will create efficiency in administration of the statute.

The Montana Public Service Commission requested this bill and contributed to its drafting. The Montana Public Service Commission supports this bill as good public policy. The Commission vote to support is not unanimous. It is 4-1, Commissioner Molnar dissenting, on the original bill, and 3-2, Commissioner Molnar and Commissioner Toole dissenting in regard to the House amendment.